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COUNTRY Italy

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SUBJECT Eugenio Reale's Comments on the  
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Appraisal of Content: 2, that Reale's comments

are accurately reported.

SMITH, WILLY

The following report is based on the remarks of Eugenio Reale, Italian Socialist Democratic Party (PSDI) Directorate member, as told

during a conversation on 8 October 1963.

Reale defected from the Italian Communist Party (PCI) in 1956; prior to his break with the PCI, he was a member of the Party's Central Committee, a PCI Senator, and a member of the Party's administrative machine, specializing in financial affairs. In addition, as a Communist he held Undersecretary positions in the Italian Foreign Office and was Italian Ambassador to Poland. He has maintained many contacts in leftist circles and may be considered as fully conversant with the Italian internal political situation.

i. The Italian financial situation is definitely bad but if immediate remedies were adopted there would be recovery and stabilization within a few months. The difficulty is that the present Government, which is practically without power and which is ready to resign, is incapable of doing anything more than it has already done, and that is too little to stop further deterioration in the situation. Even worse than the financial situation, however, is the psychological and political situation. Public opinion, the upper class and the middle class without distinction, has lost all faith in the Government in public administration and in the political parties. This is the real cause of the fearsome and unrestrainable flight of capital abroad. The auspicious provisions of the nationalization of electric energy and the imposition, at all costs, of a premature and dangerous center-left have led to the present situation. It has been learned too late that Christian Democratic (DC) Party Secretary Aldo Moro is more dangerous than the former Premier Amintore Fanfani because he wants the center-left at all costs and, even worse, places no conditions of any sort on the Italian Socialist Party (PSI).

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2. The DC is divided into the following groups with regard to the center-left:
    - a. Those who do not want it, including Mario Scelba, Giuseppe Pella, Guido Gonella and Giulio Andreotti.
    - b. Those who want it at any cost, including Moro, Fanfani, Fiorentino Silicci, Giacinto Bozzo and Giulio Pastore.
    - c. Those who want it, but with specific guarantees and limitations, the Merotei, and
    - d. Those who want to try it but only to demonstrate that it is impossible, including Mariano Rumor, Paolo Emilio Taviani (sic) and Emilio Colombo.

Undoubtedly the new center-left attempt will meet with difficulties and it is very doubtful that it will succeed, but it is equally true that any other solution will present even greater difficulties. A new Leone Government would appear destined to fall because the DC left does not want it. A Scelba Government would represent the best solution, but it would not have sufficient votes to pass the Chamber of Deputies. A Taviani or Rumor Government would be based on an uncertain foundation and on ad hoc agreements and would therefore be a minority Government.

3. Those who, with PSDI leader Giuseppe Saragat, believe that elections must be held next year commit the gravest error which can be imagined, as such elections would only favor Communism and weaken the DC even further. While Saragat pretends to support the new attempt for a center-left, in reality he opposes it because he knows well that DC-PSI agreement would mean the end of his political position and of his Party. On the other hand, a center-left formation headed by Moro, whose weakness and submissiveness are without equal, would practically mean a popular front government which would rapidly become irremediable since it would always have at its disposition the Communist voter to counter any opposition maneuver.
4. The Socialists are naturally trying with all their strength to enter the Government, and it is possible that Pietro Nenni and Riccardo Lombardi will get posts while Francesco Cossiga will get Bettini's post in his Party. Saragat intends to ask for at least three posts for the PSDI, in which case Nenni could reasonably expect to have at least five in accordance with the ratio of party strengths. Republican Party (PRI) leader Ugo La Malfa, after the catastrophic experience in the previous Government, will not take a post but PRI Deputy Oronzo Reale will get one. Nenni naturally intends to reintroduce Fanfani into the Government as Vice Premier with an important ministry, but not the Ministry of Foreign Affairs which Saragat is insisting on getting. While the PSI does not intend to make any concessions to the DC as regards anti-Communism, it does intend to keep certain Christian Democrats out, including Scelba whom Nenni opposes.
5. In objective terms and in the interests of the country it is necessary to observe that a center-left Government under present circumstances would break down the last defense of the Italian economy and plunge Italy into a very bad position in which the present lack of faith would become real panic. The PSDI right is trying as best it can to react to these dangers using various means and with the participation of the Avanzi - Pallicani group, which has brought excellent results, in order to bring Saragat back to a more reasonable and responsible position.

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In Tuscany, PCI leader Mandolfi Pacciardi is actively endeavoring to gain at the expense of la Malfa and Reale. The results of his efforts to date have been modest. He is an isolated figure who has been unable to find the right path to follow. His attempts to establish a committee for the reform of the Constitution failed miserably, while his approach to the Catholic group of Gonella and Scelta put him in an obviously uneasy position with regard to the Mazinian group. To reestablish his position, Pacciardi reportedly intends to organize in Milan, on the occasion of the PSI Congress, a convention of 10,000 anti-Communist partisans over which he will preside.

7. In the meantime the PCI, always very efficient, is increasing even more its influence and strength. It has precise and clear objectives and an action technique refined by decades of experience throughout the world. It has able, serious, well-prepared, honest and quiet leaders. There is nothing to oppose this. Anti-Communism has been stopped for ten years or so. In these circumstances it is clear that neither the Government nor the DC can do anything against Communism because they are trapped and tied by a mirage, by the enticements and by the blackmail of the Socialists. There is nothing to do, therefore, except to rely on private initiative. But those who believe they can find a remedy in armed formations and in para-military organizations with recourse to street violence are deeply mistaken. Such action would be the last and most ill-omened which could be undertaken to the damage of the country. It is clear, in fact, that any formation, which necessarily would only be gathered together at random and be disorganized, would be swept away in 24 hours by the reaction of the Communist masses, tightly organized and enrolled in the Italian General Confederation of Labor (CGIL), while the evident provocation would give Communism a valid reason to call for the establishment of a Government of public welfare for the defense of the State against reaction. This would be the definite end of liberty and democracy in Italy. Those who preach and support such follies should be immediately rendered harmless. The defense of state institutions, of the freedom of individuals and the collective, should be entrusted only to the State and to the forces which preside over it which fortunately are not lacking, are well established, well armed and well guided. Private initiative must instead resort to other objectives for the battle and the defense free Communism. It is necessary to resume gradually those activities which can, though slowly, bring about a change in the situation: propaganda, press, radio, motion pictures and television; promote cultural, recreational, playable and economic initiatives for the workers and their families. Through this type of work it will be possible to recover to the cause of democracy millions of votes of uncertain and timid people as well as of opportunists. Naturally it cannot be pretended that this activity will bring immediate results.

8. Finally it is necessary that all honest Italians confirm with their support and with the warmth of their solidarity the action and the intentions of the Chief of State who represents for all Italians the symbol of the country and the only real bulwark of liberty against any attempt to destroy the freedom, the security and the well-being of the Italian people.

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